



Investor Presentation

November 2017

Safe Harbor Statement

All statements, other than statements of historical fact included in this presentation, are forward-looking statements. When used in this presentation, words such as “anticipate”, “believe”, “estimate”, “expect”, “intend”, and similar expressions, as they relate to USA Technologies, Inc. (“USA Technologies”, “USAT”, or “the Company”) or its management, identify forward-looking statements. Such forward-looking statements are based on the beliefs of USA Technologies’ management, as well as assumptions made by and information currently available to USA Technologies’ management. Actual results could differ materially from those contemplated by the forward-looking statements as a result of certain factors, including but not limited to, business, financial market and economic conditions; the incurrence of any unanticipated or unusual non-operating expenses which would require diversion of cash resources; the ability of USA Technologies to predict or estimate its future annual revenues or connections; the ability of USA Technologies to retain key customers from whom a significant portion of its revenues is derived; the ability of a key customer to reduce or delay purchasing products from USA Technologies; whether suppliers would increase their prices, reduce output or change their terms of sale; whether, and the promptness with which, customers install new connections; whether, and the extent to which, new connections will generate revenues for USA Technologies in future quarters; whether USA Technologies’ customers continue to utilize USA Technologies’ transaction processing and related services, as customer agreements are generally cancelable by the customer on thirty to sixty days’ notice; the ability of USA Technologies to accurately estimate potential connections controlled by its existing customer base and predict future market conditions and customer behavior; whether customers will increase their purchases of USA Technologies’ products and services in the future; the ability of our products and services to avoid unauthorized hacking or credit card fraud; the ability of the Company’s Cashless Knowledge Base to predict future market conditions, customer and consumer behavior, and average ticket prices and cashless sales across all of USAT’s customer locations; the accuracy and reliability of third party data relating to potential connections in the market; the ability of Apple Pay to drive demand and adoption; the effect of the acquisition of Cantaloupe Systems, Inc. on USAT’s revenues or adjusted EBITDA in fiscal year 2018; the possibility that all or a portion of the expected benefits and efficiencies from the combined offering of the services of USAT and Cantaloupe Systems, Inc., including increases in revenue, business efficiencies and competitiveness, and decrease in operational costs, will not be realized or would not be realized within the expected time period; and the possibility that all of the expected benefits from adoption of cashless payment will not be realized by all vending operators, or will not be realized within the expected time period. Readers are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statement made in this presentation speaks only as of the date of this presentation. Unless required by law, USA Technologies does not undertake to release publicly any revisions to these forward-looking statements to reflect future events or circumstances or to reflect the occurrence of unanticipated events.

Non-GAAP Information: This presentation includes a discussion of Adjusted EBITDA which is a non-GAAP financial measure that USA Technologies believes is useful for an understanding of the Company’s ongoing operations. Non-GAAP financial measures are supplemental to, and not a substitute for, GAAP financial measures such as net income or loss. Details of this item and a reconciliation of non-GAAP financial measures to GAAP financial measures can be found in the Appendix to this presentation and at www.usatech.com under the “Investor Relations” tab.

USA Technologies has not reconciled the Company’s adjusted EBITDA outlook to GAAP net income (loss) for the 2018 fiscal year due to the uncertainty and potential variability of the provision for (benefit from) income taxes, which is a reconciling item between adjusted EBITDA and GAAP net income (loss). Because this item cannot be reasonably predicted and could have a significant impact on the calculation of GAAP net income (loss), USA Technologies has not provided guidance for GAAP net income (loss) or a reconciliation of the company’s adjusted EBITDA outlook to GAAP net income (loss) for the 2018 fiscal year. Accordingly, a GAAP net income (loss) outlook and a reconciliation of adjusted EBITDA outlook to GAAP net income (loss) is not available without unreasonable effort.



Company Overview

Market-leading, one-stop cashless payment, telemetry and consumer engagement services specifically designed for the self-serve retail market

Introduction

- A leading provider of wireless networking, cashless transactions, asset monitoring, and other value-added services, principally to the small ticket, unattended Point of Sale (“POS”) market
- Offers e-Port Connect, a PCI-compliant, comprehensive service with a strong national reputation for quality, reliability, and innovation
- Primarily serves the beverage and food vending industry with expansion opportunities into additional segments including amusement, commercial laundry, and kiosks



FY17 Revenue	\$104.1M
<i>FY17 YoY Revenue growth</i>	35%
Current Connections ⁽¹⁾	~850K
Current Customers	~14,000
Annualized Transaction Volume	~\$1B
Employees	~150
Founded	1992
Headquarters	Malvern, PA
NASDAQ	USAT
Stock Price (as of 11/13/17)	\$7.55
Market Cap (as of 11/13/17)	\$379.0M



(1) Total connections represent the current estimated number of unattended locations on our service following the acquisition of Cantaloupe on November 9, 2017

Large NFC-enabled Mobile Footprint

USAT operates one of the largest footprints in North America that accepts NFC-based mobile payments

ePort[®]

- Approximately 575,000⁽¹⁾ NFC-enabled merchant locations
- All newly shipped ePort terminals are NFC-enabled
- Google's launch of Android Pay solidifies broader market acceptance of the mobile payments technology
- Apple Pay introduction marks tectonic shift, expected to drive demand and adoption
- Accepted throughout USAT network



Investment Highlights

USA Technologies is well-positioned to capitalize on the favorable trends driving cashless transactions



Significant Market Opportunity

Underpenetrated market, both within existing customers as well as the broader market for cashless transactions



Attractive Value Proposition for Customers

USAT's solutions allow customers to reduce costs, improve operating efficiencies, and increase purchases at their consumer machines



Comprehensive Product Offering

One point of contact through a bundled cashless payment solution



Scalable Financial Model with Strong Visibility

78% of revenue is contractually recurring⁽¹⁾, providing visibility into projected periods



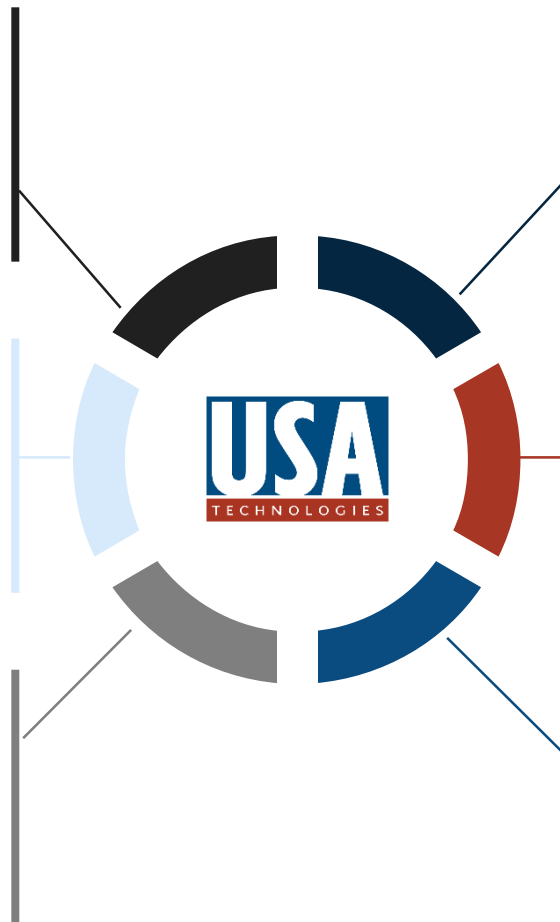
Market and Technology Leader with a Trusted Brand Name

We believe we have the largest installed base of NFC-enabled unattended cashless merchant locations in the United States



Proven Management Team

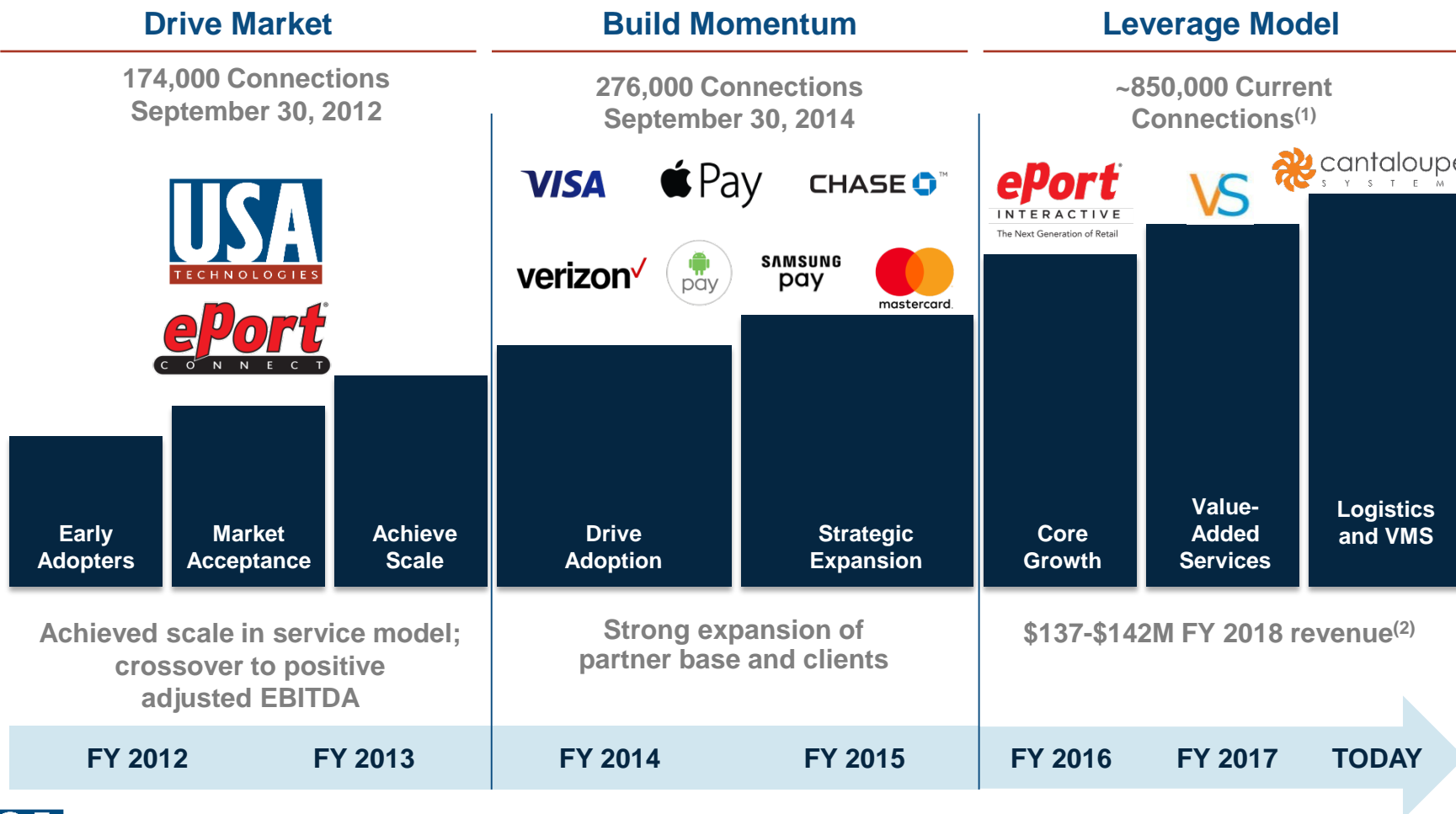
Deep domain expertise with extensive knowledge of payments and adjacent verticals



(1) During three months ended Sep 30, 2017

Recent Momentum

Proven track record of growth with multiple avenues for expansion

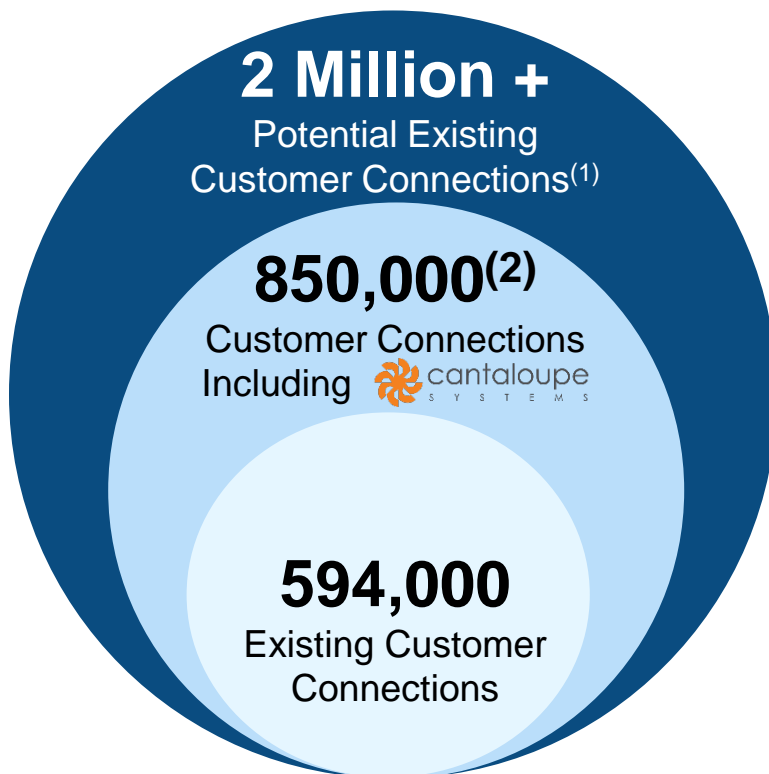


(1) Total connections represent the current estimated number of unattended locations on our service following the acquisition of Cantaloupe on November 9, 2017
 (2) FY 2018 guidance includes 8 months of contribution from the Cantaloupe Systems acquisition

Significant Opportunity within Existing Network

Current USAT Connections

Significant whitespace opportunity within existing customer base – 1.2M+ connections



Blue-Chip Channel Partners

USAT partners include market-leading constituents in NFC and cashless payments



(1) Company estimate.

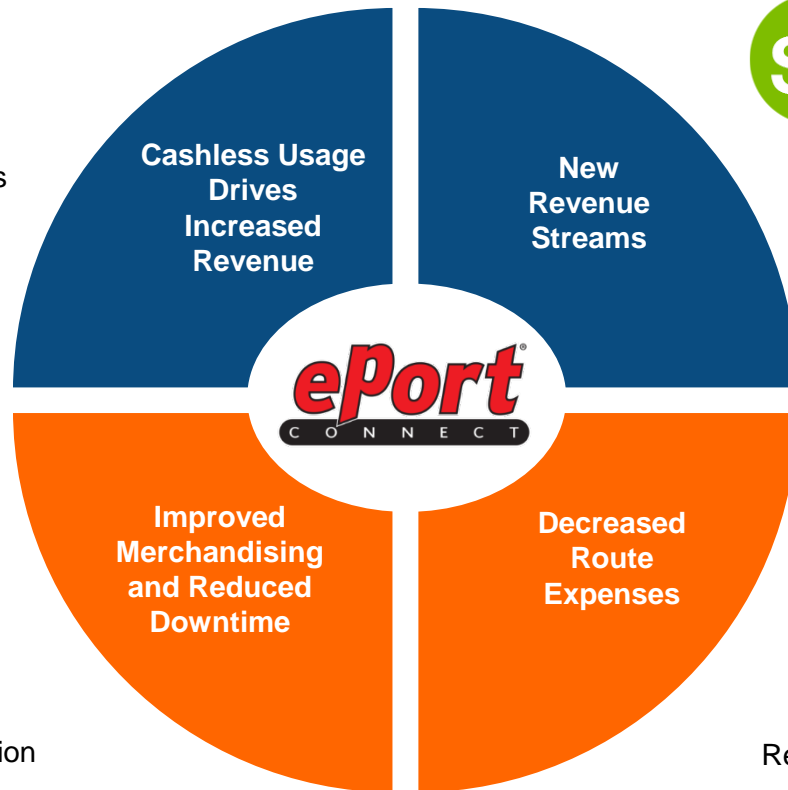
(2) Total connections represent the current estimated number of unattended locations on our service following the acquisition of Cantaloupe on November 9, 2017

Transformative Combined Value

Delivering a Turnkey End-to-End Enterprise Platform for Unattended Retail



Cashless Payments
Nutritional Information
Payroll Deduct



Average Consumer Purchase Up **35%**

Digital Advertising
Loyalty Rewards
Coupons and Promotions



Dynamic Route Scheduling
Inventory Management
Warehouse Automation



Cut Customer Cost

Accounting Management
"Space to Sales" Optimization
Real Time Pre-kitting



Self-Serve Retail is Significantly Underserved

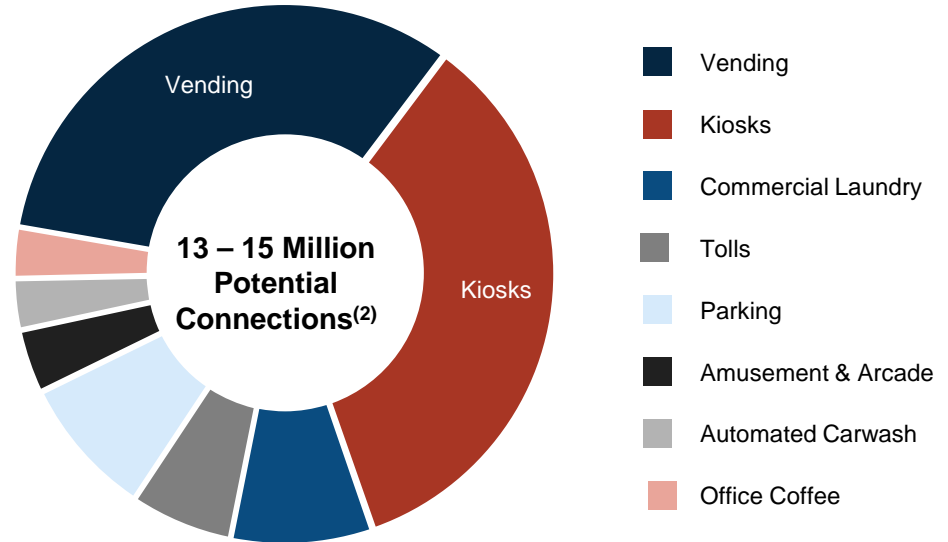
Significant market opportunity with favorable trends primarily driven by growth in demand for electronic payments

Current USAT Connections

594,000 Connections + 250,000 Connections⁽¹⁾



Total Addressable Connections Market



Unattended Point of Sale Market Trends



Shift towards electronic payments and away from cash and checks



Increase in consumer demand for electronic payments



Increase in merchant / operator demand for electronic payments



Increase in demand for integrated payments solutions



Increase in demand for networked assets



POS technology and NFC equipped mobile phone payment improvements



Sources: US Department of Transportation, 2008; IHL Kiosk Study, 2010 (2011 projections) First Research, March 2011, June 2010

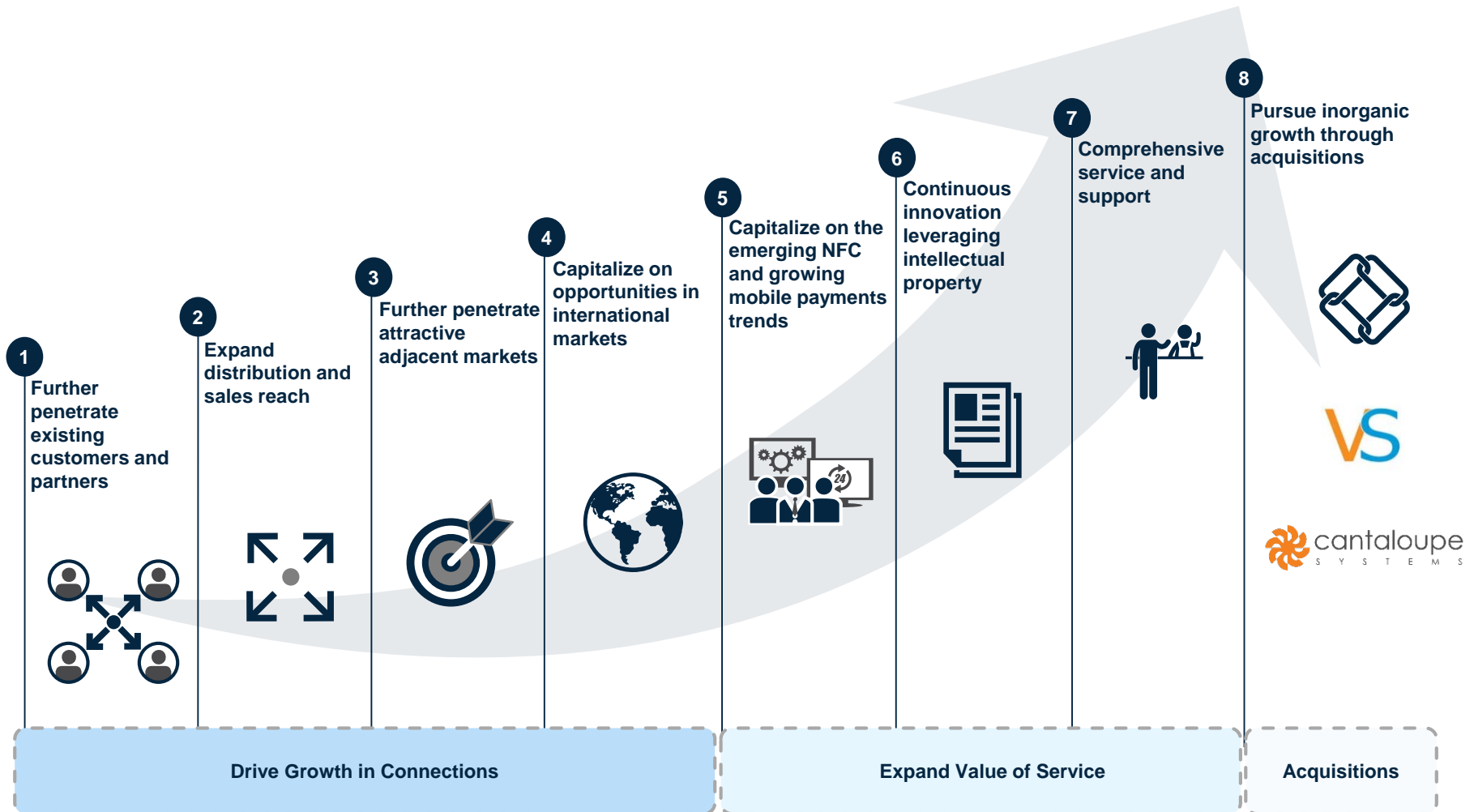
Vending Times Census 2012; Smart Card Alliance 2006; Automated Merchandiser State of the Coffee Industry 2009; USA Technologies estimates

(1) Total connections represent the current estimated number of unattended locations on our service following the acquisition of Cantaloupe on November 9, 2017

(2) Company Estimate

Attractive Growth Opportunities

USAT is well-positioned to capitalize on both organic and acquisition growth opportunities



Experienced Leadership Team

USA Technologies is led by an experienced management team with significant domain expertise



Stephen Herbert



Priyanka Singh



Michael Lawlor









Maeve Duska



George Harrum



Tom Jones

Title	Chairman and Chief Executive Officer	Chief Financial Officer	Chief Services Officer	SVP, Marketing	SVP, Operations	EVP, Sales		
Years of Relevant Experience	31+	15+	25+	15+	30+	25+		
Industry Experience								



Financial Overview

Financial Highlights



Strong revenue growth: **~29% revenue CAGR since FY2011**

High proportion of recurring revenue: **78% of 1Q FY18 revenue from recurring licensing and processing fees**

Significant whitespace within customer base: **82% of new connections came from existing customers in 1Q FY18**

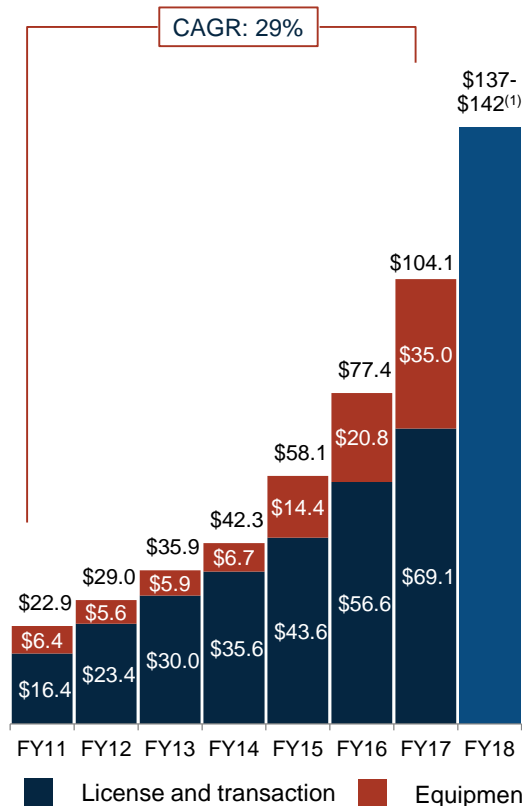
Profitable business model

Attractive Growth Profile

USAT has experienced rapid revenue growth, driven by both new customer wins and increased penetration across the Company's existing customer base

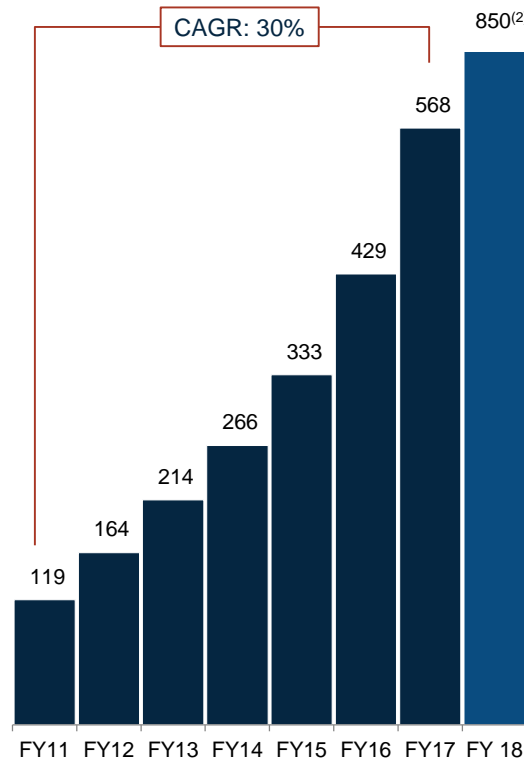
Annual Revenue

(\$ in millions)



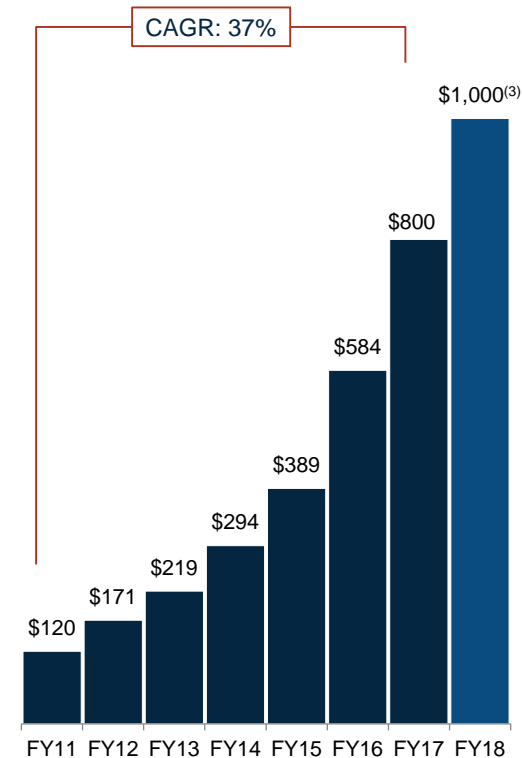
Connections

(Connections in thousands)



Annual Transaction Value

(\$ in millions)



(1) FY 2018 Revenue guidance includes 8 months of contribution from the Cantaloupe Systems acquisition

(2) FY 2018 Connections reflect current estimated number of unattended locations on our service following the acquisition of Cantaloupe

(3) FY 2018 Transaction Volume reflects annualized results

Scalable Operating Model

	12 Months Ending 9/30/2017	Long Term Target Range
Gross Margin	25.6%	27% – 30%
License and Transactions	32.4%	36% – 40%
Equipment	11.6%	8% – 10%
SG&A as a % of Revenue	23.4%	15% – 20%

Recent Operating Results

(\$ in millions)	1Q2018	Increase from 1Q2017	FY2018 ⁽¹⁾	Increase from FY2017
Revenue	\$25.6	19%	\$137 - \$142	32% - 36%
Net Loss	\$0.2	91%		
Adjusted EBITDA	\$2.3	244%	\$12.5 - \$13.5	77% - 91%
Connections	594K	33%		
Transaction Volume ⁽²⁾	\$239.2	30%	\$1,000	25%

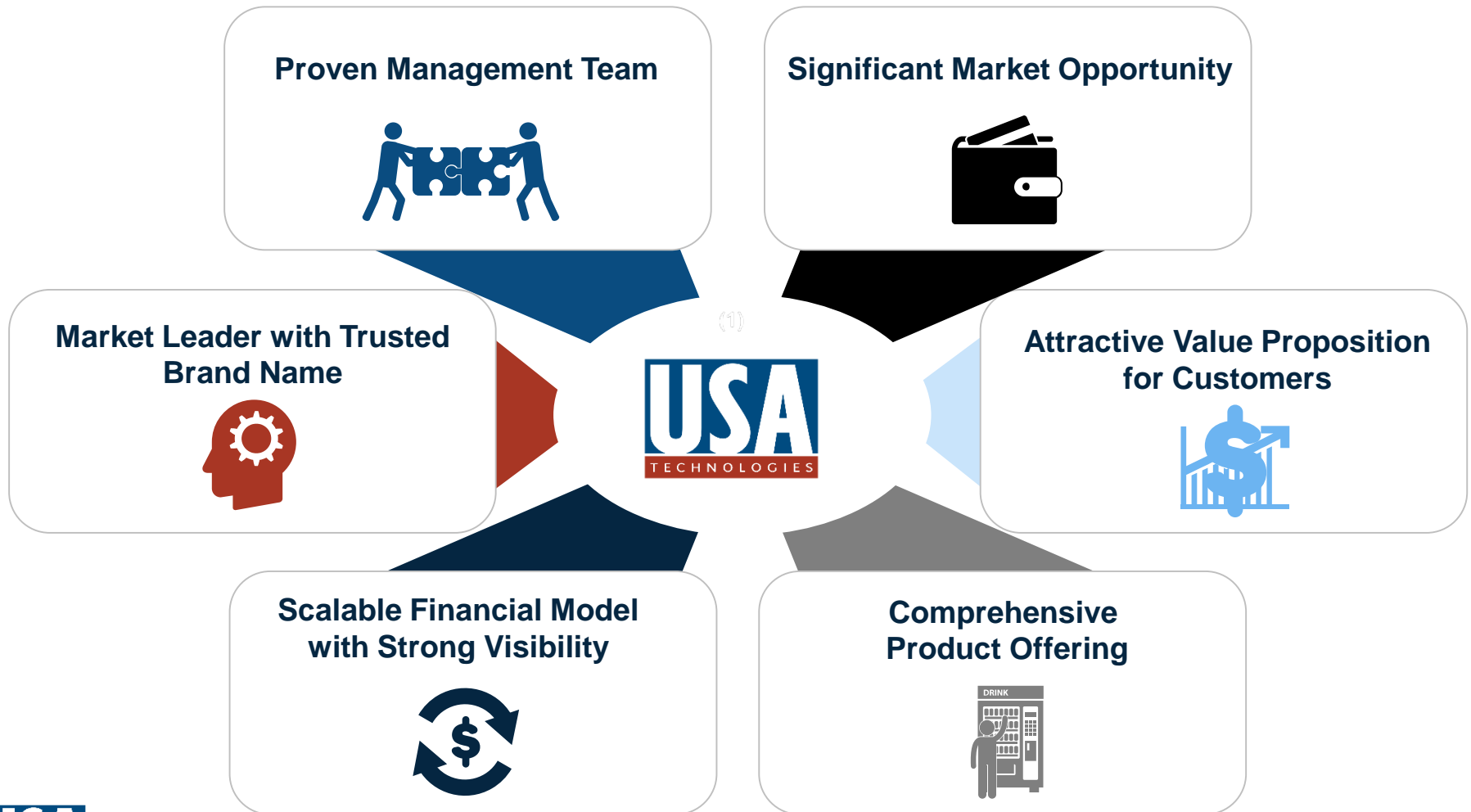


(1) FY2018 guidance includes 8 months of contribution from the Cantaloupe Systems acquisition

(2) FY2018 Transaction Volume reflects annualized results

Note: See Appendix for the reconciliation from Net Loss to Adjusted EBITDA for 1Q 2018

Why USA Technologies?





Appendix

Adjusted EBITDA Reconciliation

(\$ in thousand)	Three months ended			Percentage
	September 30, 2017			Change
	2017	2016	Change	Change
Net loss	\$ (213)	\$ (2,464)	\$ 2,251	91.4%
Less interest income	(80)	(73)	(7)	9.6%
Plus interest expense	209	212	(3)	(1.4%)
Less income tax benefit	(468)	(115)	(353)	307.0%
Plus depreciation expense	1,448	1,257	191	15.2%
Plus amortization expense	44	44	—	—
EBITDA	<u>\$ 940</u>	<u>\$ (1,139)</u>	<u>\$ 2,079</u>	<u>182.5%</u>
Plus loss on fair value of warrant liabilities	—	1,490	(1,490)	(100.0%)
Plus stock-based compensation	576	211	365	173.0%
Plus integration and acquisition costs	762	101	661	654.5%
Adjustments to EBITDA	<u>1,338</u>	<u>1,802</u>	<u>(464)</u>	<u>(25.7%)</u>
Adjusted EBITDA	<u>\$ 2,278</u>	<u>\$ 663</u>	<u>\$ 1,615</u>	<u>243.6%</u>